No. 17-1229

IN THE

Supreme Court of the United States

HELSINN HEALTHCARE S.A.,

Petitioner,

v.

TEVA PHARMACEUTICALS USA, INC., *et al.*,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR SPCM S.A. AND HIGH TECH INVENTORS ALLIANCE AS *AMICI CURIAE* SUPPORTING RESPONDENTS

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INTEREST OF AMICI CURIAE

SPCM S.A. and related companies ("SNF") are leading developers, manufacturers, and marketers of water-soluble polymers (*see* http://www.snf-group.com/).[1] SNF products are used in diverse fields including drinking water production, wastewater treatment, sludge dewatering, oil and gas extraction, mining, agriculture, and the manufacture of paper, textiles, and cosmetic preparations. SPCM S.A. holds dozens of United States patents and pending patent applications.

The High Tech Inventors Alliance ("HTIA") is dedicated to advancing a patent system that promotes and protects real investments in technologies and American jobs.[2] Collectively, HTIA's members employ nearly 500,000 U.S. employees, spent $63 billion last year alone on research and development, and hold more than 115,000 U.S. patents.

As industrial firms selling real products embodying important technologies, SPCM S.A. and HTIA are vitally interested in when a claimed invention is rightly deemed "new" (35 U.S.C. § 101) and thus eligible for patent protection. Petitioner is effectively urging this Court to adopt a radical new concept of "new" that conflicts with the settled understanding of the term.

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[1] No counsel for a party authored this brief in whole or in part and no party or counsel for a party made any monetary contribution intended to fund preparing or submitting this brief.

[2] HTIA is described at https://www.hightechinventors.com/. The eight HTIA members are Adobe, Amazon, Cisco, Dell, Google, Intel, Oracle, and Salesforce.

SUMMARY OF THE ARGUMENT

Section 101 of the Patent Act codifies a simple, intuitive, and longstanding policy of U.S. patent law: Patents are generally available only for "new" technologies. 35 U.S.C. § 101. For more than half a century, the precise details of what constitutes a "new" invention have been codified in § 102 of the Patent Act. 35 U.S.C. § 102. As this Court noted in *Diamond v. Diehr*, 450 U.S. 175 (1981), § 102 is "in effect, an amplification and definition of 'new' in section 101." *Id.* at 191 (quoting S. Rep. No. 82-1979, at 6 (1952)). Consistent with the Patent Act's overarching policy of limiting patents to "new" technologies, this Court has long interpreted the Patent Act's detailed definitions of prior art broadly so that patents may not be granted to technologies that are fundamentally not "new."

Petitioner's argument in this case is that the *addition* of a new residual category of prior art to § 102 in 2011—expanding the prior art to include technologies that are "otherwise available to the public"—worked a wholesale revolution in patent law by *subtracting* substantially from preexisting categories of prior art. Under Petitioner's argument, technologies that have been "on sale" for years or even decades would now suddenly be patent-eligible if sellers of products or processes embodying such old technologies included non-disclosure provisions in private terms of sale.

As detailed in Part I of this brief, Petitioner's argument goes against more than 170 years of this Court's precedents, which have consistently interpreted the Patent Act's prior art categories broadly. It is telling that neither Petitioner nor the Government cites a single precedent of this Court that excluded old technology

from any category of prior art on the basis that the terms of a commercial sale included a non-disclosure provision.

As shown in Part II, the Government has proposed a highly revisionist, vague, and dispute-inviting interpretation of "available to the public" which conflicts both with the most natural meaning of the statutory text when viewed in historical context and with the usage of the phrase by this Court in its applicable precedent. The Government's proposed interpretation of "available to the public" would drastically contract the "on sale" category of prior art and subvert long-established patent law and policy, which restricts patent grants to claimed inventions that are "new." 35 U.S.C. § 101.

As shown in Part III, beside contravening the basic patent policy codified in § 101 of the Patent Act and reflected in precedents of this Court, Petitioner's proposed construction of amended § 102(a)(1) also violates multiple canons of statutory interpretation. To accept Petitioner's argument, this Court would have to believe that Congress:

1. Attempted to change this Court's construction of the "on sale" category of prior art by reenacting that exact statutory phrase;

2. Attempted to change the meaning of that reenacted statutory phrase by adopting a related but not utterly inconsistent provision elsewhere in the statute;

3. Attempted to *subtract* from the reenacted category of prior art by *adding* a new category of prior art;

4. Attempted to rely on the disjunctive word "or" between the phrases "on sale" and "available to the

public" as a means of communicating the conjunctive, so that the reenacted version of "on sale" prior art would be interpreted to mean that the prior art must be *both* "on sale" (under the traditional meaning of that phrase) *and* "available to the public" (under some undefined and restrictive meaning);

5. Attempted to rely on the adverb "otherwise" as a signal that all statutory categories of prior art should be subject to the *same* standard of being "available to the public" even though the word "different" is included in prominent definitions of "otherwise";

6. Attempted to narrow preexisting categories of prior art to the point of rendering them superfluous to the operation of the statute; and

7. Attempted to use the phrase "available to the public" to signal an ahistorical and dramatically restrictive approach to prior art even though this Court's precedents suggest that the phrase should be construed broadly.

Each of these steps violates specific canons of statutory construction, basic common sense, or both. Collectively, they make Petitioner's interpretation of § 102(a)(1) wholly implausible.

Finally, as discussed in Part IV, Petitioner's implausible interpretation of § 102(a)(1) should also be disfavored because it raises a serious constitutional issue concerning the scope of congressional power to grant patents for subject matter that is in the public domain under federal patent law.

Before this Court Petitioner has not disputed that its claimed invention was "on sale," within the meaning

of pre-AIA § 102 and its statutory predecessors, more than one year before the date when it filed its priority patent application (*i.e.*, January 30, 2003). It is, thus, established that at the time Petitioner filed its priority patent application, its claimed invention was no longer "new" (35 U.S.C. § 101) under then-existing patent law. Petitioner contends, however, that by passing the America Invents Act ("AIA") in 2011, Congress purportedly authorized the granting of patents for subject matter that had been in the public domain, in Petitioner's case, for the better part of a decade. Such an interpretation of the AIA would raise a serious constitutional question concerning the scope of congressional power to authorize patents for public domain subject matter. Standard canons of statutory interpretation require rejection of such an interpretation when another reasonable interpretation exists.

I. 35 U.S.C. § 101 AND THIS COURT'S PRECEDENTS LIMIT PATENT-ELIGIBILITY TO "NEW" TECHNOLOGIES.

Since 1793, United States patent statutes have expressly limited patent-eligible subject matter to "new" inventions. Consistent with that explicit statement of an overarching policy in U.S. patent law, this Court's precedents have taken a broad approach to defining the prior art categories that are used in evaluating the novelty of a claimed invention.

Petitioner in this case seeks a radical departure from this consistent tradition. It asks the Court to remove from the "on sale" category of prior art any sale whose terms included a non-disclosure provision that could be argued to make a patented article not "available" to a sufficient number of the right kind of third-

parties who might, collectively, be deemed "the public." Petitioner's argument should be rejected on multiple grounds, but most fundamentally, it should be rejected because Congress has not altered U.S. patent law and policy to authorize the granting of patents for old inventions whose commercial exploitation may have occurred under private contractual terms that included non-disclosure provisions.

A. U.S. Patent Law and Policy Has Long Authorized Patent Grants Only for "New" Claimed Inventions.

Section 101 of the Patent Act establishes an important polestar for interpreting the remainder of the Patent Act: it authorizes the granting of patents only for subject matter that is "new and useful," "subject to the conditions and requirements of this title." 35 U.S.C. § 101. That single sentence provides two important principles that, historically, have guided this Court's decisions applying the novelty condition for patentability and should control the Court's decision in this case.

First and foremost, the word "new" in § 101 indicates the overarching congressional policy of granting patents only for subject matter that can, in some significant and meaningful sense, be described as "new." The limiting of patent grants to "new" subject matter has been present in every United States patent statute enacted for more than two centuries. The 1793 Patent Act, which was quite possibly drafted by Thomas Jefferson himself, began this long tradition by stating in its very first section that patents were available for "any *new and useful* art, machine, manufacture or composition of matter, or *any new and useful* improvement on any art, machine, manufacture or composition

of matter." Act of Feb. 21, 1793, ch. 11, § 1, 1 Stat. 318, 319 (emphasis added). Since then, the phrase "new and useful" has been reenacted each and every time that Congress has made a general revision or recodification of U.S. patent law. *See* Act of July 4, 1836, ch. 357, § 6, 5 Stat. 117, 119; Act of July 8, 1870, ch. 230, § 24, 16 Stat. 198, 201; 35 U.S.C. § 101 (1952).

A second and equally important point is that the statutory sentence in § 101 also makes the availability of patent protection "subject to the conditions and requirements" of the remainder of the Patent Act (title 35). Thus, the text of § 101 expressly ties together the general policy of limiting patents to the "new" with the more detailed "conditions and requirements" found elsewhere in the Patent Act.

With respect to the concept of novelty, for more than sixty years, the statutory definition of when a claimed invention is "new" has been codified in 35 U.S.C. § 102. In *Diehr*, this Court stated that 35 U.S.C. § 102 is "in effect, an amplification and definition of 'new' in section 101." 450 U.S. at 191 (quoting S. Rep. No. 82-1979, at 6 (1952), *as reprinted in* U.S.C.C.A.N. 2394, 2399).

This case involves the interpretation of some of the details of novelty analysis that are codified in § 102, but any interpretation of those details should not undermine the fundamental policy of limiting patent grants to subject matter that is "new." Rather, interpretation of the details should be consonant and harmonious with the fundamental policy that is expressly set forth in § 101. *See United States v. Fisher*, 6 U.S. 358, 405 (1805) (Marshall, J.) (preferring a statutory construction that "renders the law uniform throughout, and consistent with what it professes in every other

section"); *see also Price v. Forrest*, 173 U.S. 410, 427 (1899) (holding that even a statutory "preamble may be referred to in order to assist in ascertaining the intent and meaning of a statute fairly susceptible of different constructions").

1. This Court Has Construed "on Sale" Expansively and as Time-Based.

The particular part of § 102 at issue in this case is the "on sale" category of prior art, which dates back to patent statutes enacted in 1836 and 1839. The 1836 Patent Act provided that patents could not be granted for subject matter that was (i) "known or used by others before" the date of invention, or (ii) "in public use or on sale, with [the inventor's] consent or allowance" at the time of the patent application. Act of July 4, 1836, ch. 357, § 6, 5 Stat. 117, 119.

The 1836 Act thus defined and measured novelty at two different times. At the time of invention, the alleged invention had to be new in the sense that it was "not known or used by others." At the time of patent application (which would generally be later than the time of invention), the alleged invention still had to be new in the sense that it could not be "in public use or on sale" with the inventor's consent.

In 1839, Congress redefined patent-eligibility in two ways. First, a two-year grace period was allowed so that an alleged invention could still be patented where any "purchase, sale, or prior use" was not "more than two years prior to such application for a patent." Act of Mar. 3, 1839, ch. 88, § 7, 5 Stat. 353, 354. Second, the 1839 Act provided that a sale made more than two years prior to a patent's filing date negated novelty ir-

respective of a putative patentee's "consent or allowance" with respect to the sale.

Thus, after the 1839 Act, the "on sale" category had a two-year grace period but applied to sales activity of anyone, not just a putative patentee. As this Court construed the 1839 Act, "[t]he evident purpose of the section was to fix a period of limitation which should be certain, and require only a calculation of time, and should not depend upon the uncertain question of whether the applicant had consented to or allowed the sale or use." *Andrews v. Hovey*, 123 U.S. 267, 274 (1887).

Although the statutory grace period was shortened from two years to one in 1939, *see* Act of Aug. 5, 1939, ch. 450, 53 Stat. 1212, the basic contours of the "on sale" category of prior art have not been substantially changed since this Court's decision in *Andrews*. In *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1998), the Court held that "on sale" encompasses offering to supply a product whose design is known, even if no physical embodiment of the product exists at the time of the offer. *Id.* at 58–59, 68-69. Petitioner has not disputed that the traditional understanding of "on sale" encompasses the sale transactions which the Court of Appeals held invalidated three pre-AIA patents held by Petitioner.

2. AIA Carried Forward "on Sale" as a Criterion Defining "New" or Novelty.

As amended in 2011, 35 U.S.C. § 102 excludes from patent-eligibility any claimed invention that was, among other things, "in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention." The AIA thus expressly

carried forward the "on sale" prior art category in § 102. By statutory definition, a claimed invention ceases to be "new" (35 U.S.C. § 101) no later than one year after it is placed "on sale." 35 U.S.C. § 102(a)(1); *see also* 35 U.S.C. § 102(b)(1) (excluding from consideration some prior art that arises "1 year or less before" a patent application's effective filing date).

Nothing in the phrase "on sale" excludes offers in which a commercial buyer agrees to exploit licensed technology in a certain manner, such as maintaining the confidentiality of technology so as to maximize the patentee's profit from the claimed invention's commercial exploitation. The idea that such a private agreement could impair public rights to practice old technologies is antithetical to this Court's treatment of similar agreements. *Cf. Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 257 (1945) (holding that a contract could not restrict a party's right to make use of an invention that had fallen into the public domain because such a private agreement cannot be used as "the means of successfully avoiding the requirements of legislation enacted for the protection of a public interest").

Against this background of long continuity, Petitioner argues that Congress's addition of a new category of prior art in § 102(a)(1)—art that is "otherwise available to the public"—effected a revolutionary change in the law. According to Petitioner, this new language modifies "on sale" so that it excludes sales whose terms of sale include non-disclosure provisions and does so even where, as in this case, a sale admittedly would have negated novelty under *Pfaff* and other pre-AIA decisions construing the "on sale" category.

There are many problems with Petitioner's argument, including that it requires this Court to find a negative implication in the single word "otherwise" that overturns settled meanings of previously interpreted phrases in the statute. But the overarching point is that, under Petitioner's interpretation, technology embodied in products on sale for decades could be excluded from the prior art to a patent if sellers and licensors merely included non-disclosure provisions in their sale terms. Petitioner's proposed interpretation of § 102 would make the old patentable, in direct contravention of the "new" limit codified in § 101 of the Patent Act, and in a manner dramatically inconsistent with the approach that this Court has long taken in generously construing prior art categories.

B. This Court's Precedents Have Long Interpreted 35 U.S.C. § 102 and Its Predecessor Statutes as Enforcing the Overarching Policy of Limiting Patent Protection to Subject Matter That Is Actually "New."

As noted above, the word "new" has been an express limit on patent-eligibility in every patent statute dating back to 1793. And in a long and unbroken line of decisions dating back to at least 1851, this Court has rigorously enforced the novelty condition for patentability as excluding subject matter that was not substantially "new," either because the claimed invention was old at the time of invention due to another's work or, as in this case, because the claimed invention was too old when the patent application was filed due to the lapse of a statutory period for filing a patent application.

In *Pfaff*, the patent-in-suit disclosed and claimed a computer chip socket comprising several features. The asserted claims encompassed a computer chip socket that the patentee had offered to supply to a single customer more than one year before the patent's priority date. 525 U.S. at 58–59. This Court held the asserted claims invalid "because the invention had been on sale for more than one year in this country before he filed his patent application." *Id.* at 68–69. *Pfaff* is thus a case prescribing when a sale event creates patent-defeating prior art. As in this case, Pfaff's own work entered the public domain one year after his placing the invention "on sale," and thus his invention was not "new" under the specific statutory test in § 102 by the time he sought a patent.

In *Smith v. Hall*, 301 U.S. 216 (1937), the patent-in-suit disclosed and claimed a method for staged incubation of eggs. The asserted claims encompassed a staged egg incubation method that a single individual, one Milo Hastings, had known and used before the patentee's inventive work. The Court held that this one person's prior knowledge and use was sufficient to invalidate the patent. "It is enough," the Court held, "if he [Hastings] knew and used the method with operative success." *Id.* at 226–27. "He [Hastings] knew the method and used it in a device capable of employing it." *Id.* at 233. The claims were invalid as encompassing subject matter that was "known or used by others in this country, before his invention or discovery thereof." *Id.* (quoting 35 U.S.C. § 31 (1934)). The claimed Smith invention was not "new" under the then-existing statutory test of novelty.

In *Corona Cord Tire Co. v. Dovan Chemical Corp.*, 276 U.S. 358 (1928), the patent-in-suit disclosed and claimed a process of treating rubber or similar compounds which comprised use of an accelerator called diphenylguanidine ("D.P.G."). *Id.* at 366–68. The asserted claims encompassed a method that a single individual, one George Kratz, had discovered and successfully performed within his then-firm before the patentee's work. *Id.* at 382–83. This Court reversed a judgment of infringement on the basis that "the first discovery that D.P.G. was a useful accelerator of the vulcanization of rubber was made by George Kratz and not by Weiss." *Id.* at 385. The claimed Weiss invention was not "new" under the then-existing statutory test of novelty.

In *Brush v. Condit*, 132 U.S. 39 (1889), the patent-in-suit disclosed and claimed an improved electric lamp. The asserted claims encompassed a pre-existing lamp that a single individual, one Hayes, had previously made and that a single firm had used in mill operations for a period of months. *Id.* at 44–49. This Court affirmed a judgment holding the asserted claims invalid in view of the prior Hayes lamp. *Id.* at 49–50. The prior use was of a "public, well-known, practical use in ordinary work." *Id.* at 48. It was irrelevant that "the mechanism of the Hayes clutch was concealed from view," for its design was known to the workmen who installed it. *Id.* at 49 (quoting *Hall v. Macneale*, 107 U.S. 90, 97 (1883)). The claimed Brush invention was not "new" under the then-existing statutory test of novelty.

In *Coffin v. Ogden*, 85 U.S. (18 Wall.) 120 (1874), the patent-in-suit disclosed and claimed a reversible

latch mechanism made by one Kirkham. *Id.* at 121–22. The asserted claims encompassed a reversible latch mechanism that a single individual, one Erbe, had previously made and that a single firm had installed and used in an interior door. *Id.* at 121–24. The patentee argued that this prior knowledge was not "available" to him (*id.* at 121) and so should not be patent-defeating, but this Court disagreed, holding: "The prior knowledge and use by a single person is sufficient. The number is immaterial." *Id.* at 124–25. The claimed Kirkham invention was not "new" under the then-existing statutory test of novelty.

In holding that "prior knowledge and use by a single person is sufficient" to establish that a claimed invention was not "new," the *Coffin* decision cited and followed *Bedford v. Hunt*, 3 F. Cas. 37 (C.C.D. Mass. 1817) (No. 1,217) (Story, J.). In *Bedford*, the patentee argued, just as Petitioner does here, that pre-existing knowledge of a claimed invention should not defeat a subsequent claim of invention except where the prior knowledge "has been before *generally* known and in *general* use, among persons engaged in the art or profession." *Id.* at 38 (emphasis added). Justice Story rejected this argument and held, to the contrary, that: "any patent may be defeated by showing, that the thing secured by the patent, had been discovered and put in actual use prior to the discovery of the patentee, *however limited the use or the knowledge of the prior discovery might have been.*" *Id.* (emphasis added). The *Coffin* decision adopted Justice Story's reading of the novelty condition, *see* 85 U.S. (18 Wall.) at 124–25 & n.*, as did this Court's later decision in *Corona Cord*. *See* 276 U.S. at 382–83 (prior knowledge by a single individual

held sufficient to invalidate a patent; *Bedford* cited and followed).

Coffin also quoted with approval the reasoning of *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 498 (1851). *Gayler* held that an earlier discovery, which had been "finally forgotten or abandoned," was not patent-defeating because it was not "accessible to the public" (51 U.S. (10 How.) at 496–97), in the sense that in that situation "there was *no* existing and living knowledge of this improvement, or of its former use, at the time [the patentee] made the discovery." *Id.* at 498 (emphasis added). The jury instruction approved in *Gayler* followed the longstanding rule that a single person's prior knowledge or use of a claimed invention can be patent-defeating. *See id.* (affirming instruction that if pre-existing fireproof safe and its mode of construction was "still in the memory of Conner," the later inventor would not be entitled to a patent). That is, Conner's knowledge *alone* would have been patent-defeating, if it had not been finally forgotten or abandoned *by him*.

Since at least the *Gayler* decision, patent law has deemed a claimed invention "known" or "accessible to the public" if at least one person, other than the inventor, can legally practice the invention and thereby enable the public to benefit from its use. 51 U.S. (10 How.) at 496–97; *see also Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989) (characterizing former 35 U.S.C. §§ 102(a) and (b) (1988) as excluding from patent protection "knowledge that is already available to the public"). Respondent correctly argues that the new statutory language, "otherwise available to the public," is not rightly treated as negating the long-established meaning of "on sale" in this Court's

precedents (Resp. Br. 22–50); but if it were, that language in patent law parlance clearly encompasses knowledge held by a person, such as a manufacturing licensee or wholesale distributor, who is fully authorized to practice a claimed invention and thereby to enable the public to benefit from its use.

C. Petitioner's Position Would Dramatically Undermine the On-Sale Category of Prior Art.

As the foregoing discussion makes clear, the traditional understanding of "available to the public" is fully consistent with this Court's construction of "on sale" in *Pfaff* and supports the same result in this case as the Court of Appeals reached with respect to Petitioner's three pre-AIA patents disclosing and claiming the same alleged invention. "The law of precedent teaches that like cases should generally be treated alike. . . ." *Epic Sys. Corp. v. Lewis*, 138 S. Ct. 1612, 1623 (2018).

The contrary interpretation of "on sale" urged by Petitioner would drastically undermine the "on sale" category of prior art and enable sophisticated commercial actors to avoid the traditional implications of commercially exploiting technology. This Court should view with great skepticism Petitioner's claim that the AIA, in making technical revisions to accommodate a change in the *time* for determining when a claimed invention must be "new" (i.e., a change to effective filing date from invention date), effected a revolutionary change in the scope of "on sale" prior art. "Congress 'does not alter the fundamental details of a regulatory scheme in vague terms or ancillary provisions—it does not, one

might say, hide elephants in mouseholes.'" *Epic*, 138 S. Ct. at 1626–27 (quoting *Whitman v. Am. Trucking Assns., Inc.*, 531 U.S. 457, 468 (2001)).

Construing one of § 102(a)(1)'s predecessor statutes, this Court has noted: "The patentee . . . is not allowed to derive any benefit from the sale or the use of his machine, without forfeiting his right, except within two years prior to the time he makes his application." *Consolidated Fruit-Jar Co. v. Wright*, 94 U.S. 92, 94 (1877) (quotation omitted). Here it is undisputed and admitted that Petitioner derived a benefit from the commercial sale of the claimed invention more than one year prior to the asserted patent's priority date. By 2003, the claimed "invention" was no longer "new" for purposes of U.S. patent protection.

II. THE GOVERNMENT'S PROPOSED INTERPRETATION OF "AVAILABLE TO THE PUBLIC" CONFLICTS WITH APPLICABLE PRECEDENTS OF THIS COURT.

Under this Court's precedents, a claimed invention is "accessible to the public" (*Gayler*, 51 U.S. (10 How.) at 497) if at least one person, other than the inventor, can legally practice the invention and thereby enable the public to benefit from its use. *Id.* at 497–98. "The prior knowledge and use by a single person is sufficient. The number is immaterial." *Coffin*, 85 U.S. at 124–25 (citing *Bedford v. Hunt*, 3 F. Cas. 37 (C.C.D. Mass. 1817) (No. 1,217) (Story, J.)). This reasoning enforces the meaning of "new" in 35 U.S.C. § 101 and undergirds the long line of this Court's precedents set forth in Part I.B, *supra*.

This Court has repeatedly noted: "[W]e should not expand patent rights by overruling or modifying our prior cases construing the patent statutes, unless the argument for expansion of privilege is based on more than mere inference from ambiguous statutory language." *Parker v. Flook*, 437 U.S. 584, 596 (1978) (quoting *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 531 (1972)). The Government's position rests on disregard of this principle.

Without citing *Gayler*, *Coffin*, *Brush*, or any other of this Court's other precedents which address the issue, the Government asserts that "available to the public" in 35 U.S.C. § 102(a)(1) purportedly does not encompass a pharmaceutical formulation that Petitioner fully disclosed and made available, for money, to a United States wholesale distributor which Petitioner exclusively licensed and authorized to sell the claimed invention in the United States. The Court should reject the Government's argument for the reasons given by Respondent (Resp. Br. 53–59) and for the further reason that the Government's proposed interpretation conflicts with the fundamental limit of patent-eligibility to "new" (35 U.S.C. § 101) subject matter.

Under the traditional understanding of "new," the claimed invention of the asserted patent ceased to be new as of one year after Petitioner offered to license or supply it to a commercial distributor. *See Pfaff*, 525 U.S. at 58–59, 68–69. Under the traditional understanding of "new," it is irrelevant whether Petitioner's vendee was an "ultimate customer[]" (U.S. Br. 26), or what motives Petitioner's vendee might or might not have had for paying $11 million to Petitioner (U.S. Br. 29–30). These types of inquiries are extraneous to the

concept of "new" and are equally extraneous to the traditional understanding of "new" as that term is reflected in precedents like *Gayler*, *Coffin*, *Brush*, *Corona*, *Bedford*, and *Smith* described in Part I.B *supra*.

Lacking any grounding in the statutory text or this Court's precedents, the Government's proposed interpretation of "available to the public" would lead to vast uncertainty and an explosion of litigation over the new, ahistorical meaning the Government implicitly attributes to "available to the public." Under the Government's apparent view, technology could be sold or licensed and commercially exploited for decades and still be deemed "new" if the purchasers or licensees were deemed not to be "ultimate customers" (U.S. Br. 26) or perhaps if the purchasers or licensees all agreed not to retransmit their own knowledge to a *sufficient number* of the *right kind* of *additional* persons who might, collectively, be deemed to constitute "the public."

In *Pfaff* itself, the Government repeatedly emphasized the need for a "bright-line rule" and a "simple test" that would provide "clear notice" of when an invention would be deemed on sale. Brief for the United States as Amicus Curiae Supporting Respondent at 21, *Pfaff v. Wells Electronics Inc.*, 525 U.S. 55 (1998) (No. 97-1130), 1998 WL 351052. The *Pfaff* Court responded by promulgating a clear test. Now, however, the Government seeks to replace clarity with confusion, as demonstrated by its own arguments.

Just three pages after it introduces its "ultimate customers" test, the Government argues that the sale in *Pfaff* counted because the purchaser Texas Instruments was "the *ultimate purchaser* of the sockets as discrete units of commerce." U.S. Br. 29. Which is the

right test—"ultimate customers" or "ultimate purchaser"? And in what circumstances should an actual commercial purchaser not be considered the "ultimate" purchaser? The Government has no answers, but the multitudinous possible commercial purchasing relationships will surely provide many opportunities to litigate such uncertainties.

Much commercial software is distributed in binary form and licensed on terms that prohibit reverse engineering. Technology embodied in such licensed software is "available to the public" under *Gayler* and its progeny, but the Government now suggests that such technology may *not* be "available to the public" and may be forever "new" depending on who the licensee is or what the license terms are.

Advanced semiconductor products comprise transistors that are only a few atoms wide such that reverse engineering is not readily possible. When such products are sold, technology embodied in them is "available to the public" under *Gayler* and its progeny, but the Government now suggests that such technology may *not* be "available to the public" and may be forever "new" depending on who the buyer is or what license terms may accompany the sale.

Examples could be multiplied, but by now the point should be clear: the Government is asking the Court to conclude that 35 U.S.C. § 102(a) purportedly hides an elephant—a revolutionary change in the meaning of "new" and the long-established "on sale" category of prior art—in a mousehole, "otherwise available to the public," which as used in this Court's precedents is fully consistent with the traditional meaning of "on sale."

III. THE AIA'S ADDITION OF A NEW CATEGORY OF PRIOR ART DID NOT CONSTRICT THE PRE-EXISTING CATEGORIES OF PRIOR ART.

In seeking certiorari, Petitioner "unconditionally stated" that "this Court may assume that the Federal Circuit correctly determined that the [sales agreements between Petitioner and its licensee and wholesale distributor, MGI] satisfy the pre-AIA on-sale bar; it is the Federal Circuit's core holding about the effect of the AIA that demands this Court's review." Pet. Reply at 3 (quoting Pet. at 33). That concession makes this case easy to understand: Petitioner has conceded that its license and supply agreements placed the claimed invention "on sale" under *Pfaff* and other precedents applying pre-AIA law. The issue in the case then boils down to whether Congress *changed* the meaning of "on sale" when it enacted the AIA. Petitioner's argument that Congress did so violates multiple canons of statutory interpretation.

As discussed above in the summary of argument, Petitioner's statutory argument about the effect of the AIA is implausible for at least seven different reasons. As shown in Part A below, Petitioner's interpretation violates two canons of statutory interpretation associated with *stare decisis* and statutory stability. Part B demonstrates that Petitioner's interpretation is semantically implausible for three distinct reasons. Finally, as discussed in Part C below, Petitioner's interpretation is contextually implausible for two additional reasons.

A. Petitioner's Interpretation of § 102(a)(1) Violates Multiple "Stabilizing Canons" of Statutory Construction.

Petitioner's argument violates at least two of what are sometimes called the "stabilizing canons" of statutory construction: the canon associated with reenacted statutory text and the canon associated with authoritative judicial constructions. *See* Antonin Scalia & Bryan A. Garner, Reading Law 318, 322, 331 (2012).

First, under longstanding precedents of this Court, congressional reenactment of a statutory term or phrase of art that has been authoritatively construed by the courts should be viewed as a ratification of that prior construction. *See id.* at 322 (where a word or phrase has been authoritatively interpreted, reenactment of the word or phrase in a "later version of [the statute] is presumed to carry forward that interpretation"); *Bragdon v. Abbott*, 524 U.S. 624, 645 (1998) (applying canon). In this case, Congress reenacted the "on sale" category of prior art in 2011, years after this Court in *Pfaff* had given a definitive interpretation of that category of art. Such congressional action is wholly inconsistent with an intent to reject this Court's precedent and to restrict that category of prior art.

Second, in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017), the Court instructed that, when Congress wants to change the settled meaning of a statutory provision, "it ordinarily provides a relatively clear indication of its intent in the text of the amended provision." *Id.* at 1520. Petitioner's main textual argument is that, even though Congress reenacted the phrase "on sale" as a category of prior

art, still Congress intended to change the meaning of the "on sale" category of art because the new statute includes a new additional category—art that is "otherwise available to the public."

That argument must be rejected under *TC Heartland*. Quoting the late Justice Scalia's co-authored work on statutory interpretation, *TC Heartland* endorsed the view that "[a] clear, authoritative judicial holding on the meaning of a particular provision should not be cast in doubt and subjected to challenge whenever a related though not utterly inconsistent provision is adopted in the same statute . . . ." *Id.* at 1520 (quoting Scalia & Garner, *supra*, at 331).

The phrase "on sale" was authoritatively interpreted in *Pfaff* and, as Petitioner does not now dispute, the license and supply agreements between Petitioner and its wholesale distributor, MGI, satisfy the pre-AIA *Pfaff* standard for "on sale" prior art. Under *TC Heartland*, a change elsewhere in the statute—even though it is a change in the very same statute—should not upend *Pfaff* unless the addition of the category of "otherwise available to the public" art is "utterly inconsistent" with *Pfaff*'s interpretation of the "on sale" category of prior art. Petitioner cannot meet that standard because, as explained below, there is a perfectly sensible interpretation of the new statutory language that requires no modification of *Pfaff*'s interpretation of the "on sale" category of prior art.

B. Petitioner's Interpretation Is Semantically Implausible.

Three distinct semantic problems arise from Petitioner's argument that Congress's addition of the lan-

guage "or otherwise available to the public" was intended to narrow the pre-existing categories of prior art.

First, it is wholly unbelievable that Congress decided the best way to demonstrate its supposed intention to *subtract* from the existing scope of prior art categories was to *add* a new category of prior art. Far more believable is that, in adding the new category of prior art, Congress intended to expand the scope of prior art. That view—that words of addition were in fact intended to add—comports with what is the primary semantic canon of statutory construction, which is that words should be given their ordinary meanings. *See* Scalia & Garner, *supra*, at 69 (describing this as "the most fundamental semantic rule of interpretation").

Second, Petitioner's argument requires a belief that Congress relied on the *disjunctive* word "or" between the phrases "on sale" and "available to the public" as a means of communicating the *conjunctive*, so that the reenacted version of "on sale" prior art would be interpreted to mean that the prior art must be both "on sale" (under the traditional meaning of that phrase) and "available to the public" (under some supposedly new and restrictive sense). That argument violates the semantic that the word "or" denotes the disjunctive. *See* Scalia & Garner, *supra*, at 116 (elaborating on the "conjunctive/disjunctive canon"). As this Court stated in *Reiter v. Sonotone Corp.*, 442 U.S. 330, 339 (1979), "[c]anons of construction ordinarily suggest that terms connected by a disjunctive be given separate meanings, unless the context dictates otherwise."

Third, Petitioner's interpretation also requires the word "otherwise" in the phrase "or otherwise available

to the public" to signal that all listed categories of prior art should be subject to the *same* standard even though prominent definitions of "otherwise" denote difference not sameness.

Under Petitioner's position, the word "otherwise" supposedly "makes clear that the preceding clauses describe things that are of the *same* quality or nature as the final clause. Pet. Br. 27 (quoting legislative floor speech) (emphasis added). Yet using the word "otherwise" as a way to signal that all of the categories should be subject to the "same" standard is, to put it mildly, quite strange given that the word "different" is prominent in common definitions of "otherwise." Webster's New Int'l Dictionary (1961) (defining otherwise as meaning "In a different way or manner" or "In different circumstances").

A perfectly reasonable alternative to Petitioner's interpretation is easily found within the ordinary dictionary definitions of "otherwise," which is commonly used to denote "in different circumstances." *Id.* That definition supports Respondent's reading of the statute. Something becomes prior art if it is "in public use, on sale, or [in different circumstances] available to the public." In other words, a work enters the prior if it fits within circumstance 1 (in public use), circumstance 2 (on sale), or in different circumstances, if the work is available to the public. The word "otherwise" then signals to the reader that the final category of art is directed to circumstances not covered in the "in public use" or "on sale" contexts. That is a perfectly logical way to write a sentence, especially where circumstances constituting "in public use" and "on sale" have been well defined by more than a century of legal precedent.

C. Petitioner's Interpretation Is Contextually Implausible.

Petitioner's proposed interpretation of "or otherwise available to the public" is contextually implausible for two distinct reasons. First, it violates the canon against superfluous language. Second, it requires importing to the phrase "available to the public" an ahistorical and dramatically restrictive meaning even though this Court's precedents embrace a broader meaning that encompasses the traditional scope of the "on sale" category of prior art.

Under the contextual canon against creating statutory surplusage, courts have a "duty 'to give effect, if possible, to every clause and word of a statute,'" and if possible, to avoid "emasculat[ing]" portions of the statute. *United States v. Menasche*, 348 U.S. 528, 538–39 (1955) (quoting *Montclair v. Ramsdell*, 107 U.S. 147, 152 (1883)); *see also* Scalia & Garner, *supra*, at 174 (listing the "surplusage canon" as one of the important "contextual canons"). Petitioner argues that "Respondents' interpretation would leave 'otherwise' with no function, violating the rule against superfluity." Pet. Br. 37. That is not true because, as explained above, the word "otherwise" is sensibly interpreted to mean "in different circumstances." In fact, it is Petitioner's construction that creates a problem with superfluous language, and it's a much larger problem.

Under Petitioner's reading, the entire "on sale" category—indeed, the entire inquiry into whether something is a firm commercial offer to sell—is now superfluous. It is a fool's errand under Petitioner's reading to inquire into whether something is "on sale" or not because everything turns on whether the art is "available

to the public" (in some ahistorical sense; *see* Part II *supra*).

As Respondent correctly notes (Resp. Br. 36–37), under Petitioner's position, a party trying to prove that particular matter falls within the statutory language "or in public use, on sale, or otherwise available to the public" has three options. The first option is to prove that the matter is "in public use," which under Petitioner's reading requires proof that the matter is:

(i) "available to the public" *and*

(ii) "in public use" (which surely requires some proof of "use").

The second option is to prove that the matter is "on sale," which under Petitioner's reading requires proof that the matter is:

(i) "available to the public" *and*

(ii) "on sale" (which, under *Pfaff*, surely requires some proof of a commercial offer to sell).

The third option is to prove that the matter is "otherwise available to the public," which requires proof that the matter is:

(i) "available to the public."

It is easy then to see that no defendant in an infringement litigation and no party to an administrative proceeding would ever pursue the first or second options, because those merely impose requirements in addition to the requirement of proving that matter is "available to the public." Moreover, even if a defendant or other party were foolish enough to pursue the first or second options, no court or administrative deci-

sionmaker would need to decide the issues of "in public use" or "on sale" because it would immediately recognize that, if matter is "available to the public," it is prior art without regard for any additional inquiries into whether the matter was "in public use" or "on sale." The concepts of "in public use" and "on sale" would become, under Petitioner's position, entirely superfluous to the operation of § 102(a)(1).

A second contextual reason for rejecting the Petitioner's interpretation of § 102(a)(1) is that Petitioner simply assumes, without support, that (i) the phrase "available to the public" must be given a restrictive and ahistoric meaning, and (ii) this purported conflict between "available to the public" and "on sale" should be remedied by giving a restrictive reading to "on sale." A far more reasonable approach is to look to this Court's precedents to define "available to the public" broadly. That approach produces harmony, not discord, between the two phrases.

As discussed in Part II, *supra*, this Court's precedents have long defined the similar phrase "accessible to the public" broadly, not restrictively. Indeed, this Court's decision in *Bonito Boats* described pre-AIA §§ 102(a) and (b) as "operat[ing] in tandem to exclude from consideration for patent protection knowledge that is already *available to the public*." 489 U.S. at 148 (emphasis added). The "on sale" and "public use" categories of prior art were, at the time of *Bonito Boats*, contained in § 102(b), and *Bonito Boats* properly and correctly recognized that, if something falls into one of those prior art categories, it is *de jure* "available to the public" as a matter of patent law.

Bonito Boats shows that Petitioner's argument is exactly backwards: the phrase "available to the public" should not be used to impart a restrictive meaning to "on sale" and "in public use." Rather, the categories "on sale" and "in public use" should, if anything, be used in imparting a broad meaning on the undefined concept of "available to the public." The backwards nature of Petitioner's argument is also shown by its misuse of the *noscitur a sociis* canon. Petitioner assumes that, if the canon is applied in this case, the final catch-all provision should be used to *restrict* the earlier categories. Yet as precedent cited by Petitioner itself demonstrates, the canon works in the other direction: the categories in the list can be used to give an *expansive* meaning to the final catch-all phrase. A case cited by Petitioner—*United States v. United Verde Copper Co.*, 196 U.S. 207 (1905)—provides a great example.

In *United Verde Copper*, the statute authorized citizens to cut timber "for building, agricultural, mining, or other *domestic* purposes." *Id.* at 213 (emphasis in original). The government argued that the word "domestic" should be given a narrow meaning—that it should mean "household." *Id.* This Court rejected that argument. The Court interpreted the list holistically, but rather than using the final catch-all phrase "other domestic purposes" to *limit* the categories to "building, agricultural, mining," it did the reverse—it used the earlier words to reach an *expanded* definition of "domestic purposes." The Court recognized that the word "domestic" could refer not merely to the activities "of the household, but [to] those of a county, state or nation" as in the phrase "domestic manufactures." *Id.* The Court thus interpreted the word "domestic" to mean "the locality to which the statute is directed" (which

was certain mineral districts in the United States), which meant the catch-all phrase expansively authorized all "industries there practiced to use the public timber." *Id.* at 214.

The same approach makes sense in this case, especially since this Court's *Bonito Boats* decision previously used the phrase "available to the public" to refer to all of the categories of prior art in the pre-AIA version of § 102(a) and (b). In light of this Court precedent, therefore, it is far more reasonable to interpret "available to the public" in light of the well-defined category of "on sale" prior art, not the other way around.

IV. PETITIONER'S INTERPRETATION OF THE AIA RAISES A SERIOUS CONSTITUTIONAL QUESTION.

In addition to its other flaws set forth above, Petitioner's proposed interpretation of the AIA would raise a serious constitutional question; for under Petitioner's interpretation, as demonstrated by this very case, the AIA purportedly authorizes the Government to grant patents for subject matter that was in the public domain prior to the enactment of the AIA.

In *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966), this Court stated: "Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available." Although this Court has since held that in some circumstances Congress may restore copyrights for original works of authorship that enter into the public domain due to noncompliance with statutory formalities, *see Golan v. Holder*, 565 U.S. 302 (2012), the precise scope of Con-

gress's power to authorize the granting of patents for subject matter that is not "new," and thus not patent-eligible, remains uncertain. The statutory interpretation advanced by Petitioner thus raises a serious constitutional question concerning the scope of congressional power to grant patent rights on technologies that are already in the public domain.

The facts of this case are a good example. As Petitioner has conceded, its alleged invention was "on sale," within the meaning of then-existing law, more than one year before the date when it filed its patent application (in January 30, 2003). Thus, at the time of the filing of Petitioner's priority patent application, the alleged invention had fallen into the public domain by operation of then existing law.

Under Petitioner's view, Congress's enactment of the AIA in 2011 gave Petitioner the extraordinary opportunity to file a new patent application in 2013 that could generate patent rights on a technology that had been in the public domain for more than a decade. That extraordinary opportunity arose, under Petitioner's view, because (i) the AIA supposedly constricted the scope of the "on sale" prior art category by adding the new "otherwise available to the public" prior art category, and (ii) the AIA's transition rule gave parties with still pending patent applications an ability to have the new version of § 102 apply if they undertook the maneuver that Petitioner did in this case.[3]

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[3] The AIA's transition rule provides that the new version of § 102 applies to the whole of an "application for patent" that "contains or contained at any time" at least one claim that has an "effective filing date" after the effective date of the AIA. *See* Leahy–Smith

The transition rule in § 3(n) the AIA permits an applicant with a pending patent application to add new subject matter and new claims with a post-AIA priority date and thereby to have the application subjected to the new version of § 102. While somewhat complicated, the transition rule in § 3(n) of the AIA is clear enough on that point. But given that transition rule, the issue in this case is whether it is reasonable to interpret the AIA's addition of the new category of prior art ("otherwise available to the public") as working a wholesale constriction on preexisting categories of prior art so that parties may obtain patent rights on matters that previously were in the public domain.

America Invents Act, § 3(n), Pub. L. No. 112-29, 125 Stat. 284, 293. The statutory effective date of the AIA was 18 months after the statute was enacted (*see id.*), which was March 16, 2013 (*see id.* at 341). Approximately two months after the AIA's effective date (on May 23, 2013), Petitioner filed what is called a "continuation-in-part" or CIP application. *See* J.A. 435. Such applications are entitled to maintain their priority of filing based on an earlier application but are also allowed to include "new matter" that was not in the earlier application (*see* 37 C.F.R. § 1.53(b)(2)). Claims based on the "new matter" are required to use as their "effective filing date" the new filing date of the CIP application, but all other claims may still use as their effective filing date the time of filing of the earlier application.

Petitioner's 2013 CIP application included as "new matter" an "Example 8" (J.A. 483–84) comprising a 0.75 mg dose of the same pharmaceutical composition as was disclosed in its earlier patent applications. Although the patent that Petitioner obtained on its 2013 CIP application—i.e., the patent relevant to this case—no longer claims the Example 8 composition, the temporary presence of a claim directed to Example 8 allowed Petitioner to assert that the whole of its 2013 application should be evaluated under the new version of § 102 enacted by the AIA.

Because that result raises a serious constitutional issue, the canon of constitutional avoidance supplies the answer: such an interpretation should be resisted if there is a reasonable alternative interpretation of the language. In this case, that interpretation is easy to discern: if the additional category of prior art added by the AIA is interpreted as merely an addition, not a subtraction, then no constitutional issue arises. Parties with patent applications pending at the time of the enactment of the AIA could do as Petitioner in this case has done and have the new version of § 102 apply, but it will not allow them to patent what was already in the public domain.

That approach is especially sensible given that *Golan* and this Court's earlier decision in *Eldred v. Ashcroft*, 537 U.S. 186, 202 n.7 (2003), interpreted *Graham*'s teaching as concerning "an invention's very eligibility for patent protection." 565 U.S. at 324 (quoting *Eldred*). That interpretation of the statement in *Graham* meant that the case had no applicability to the issues in *Golan* and *Eldred* because those cases dealt with original works whose copyright-eligibility was not in question. This case, in contrast, does involve a claimed invention's "very eligibility" for patent protection under 35 U.S.C. §§ 101 and 102(a).

Moreover, both *Golan* and *Eldred* recognized limits on congressional power retroactively to grant or extend copyrights. Over dissents in both cases, the Court found that those limits were not exceeded under the circumstances of those cases because Congress could rationally have concluded that the retroactive copyright grants or extensions promoted constitutionally permissible ends. *See Eldred*, 537 U.S. at 207–08, 215 (holding

that, in light of congressional findings, Congress could rationally have found that the extension of existing terms advanced constitutionally permissible goals); *Golan*, 565 U.S. at 332.

The Court's analysis in *Golan* demonstrates that, even for copyrights, the grant of intellectual property rights over matters in the public domain requires constitutional scrutiny. Such grants should not be presumed to have been authorized where there is no apparent congressional recognition that such an extraordinary result was being reached. *See Golan*, 565 U.S. at 320 (noting that "[u]ndoubtedly, federal copyright legislation generally has not affected works in the public domain"); *id.* at 362 (Breyer, J., dissenting; joined by Alito, J.) (noting that "Congressional practice . . . consists of a virtually unbroken string of legislation preventing the withdrawal of works from the public domain").

CONCLUSION

The judgment of the Court of Appeals should be affirmed.

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